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FISCAL IMPACT STATEMENT

LS 6079

BILL NUMBER: HB 1170

NOTE PREPARED: Dec 19, 2010

BILL AMENDED:

SUBJECT: Public Safety Local Option Income Tax.

FIRST AUTHOR: Rep. Morris

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that a county or municipality that receives revenue from a local option income tax for public safety (public safety LOIT) may use the public safety LOIT only to increase the total amount available for expenditure for public safety purposes. It provides that the public safety LOIT may not be used to reduce or replace revenue devoted to public safety purposes from any other source of revenue.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Summary* - This bill restricts counties and municipalities receiving revenue from the public safety LOIT from using the revenue for any purpose other than increasing the amount available for public safety purposes. Any impact will depend upon the extent that counties receiving revenue from the public safety LOIT are applying this revenue to expenditures other than public safety purposes.

Public Safety LOIT: Under current law, counties may adopt a public safety LOIT if they have also adopted either the property tax freeze LOIT or the property tax relief LOIT. The maximum income tax rate is 0.50% in Marion County and 0.25% in all other counties. Revenue from the public safety LOIT is distributed to the county taxing unit and municipalities using the county's normal LOIT distribution basis. As of October 25, 2010, 20 counties were imposing the public safety LOIT with a total CY 2011 certified distribution of

\$92.2M.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Counties and municipalities.

Information Sources: State Budget Agency, CY 2011 Advisory Distribution Amounts and LOIT tax rates as of October 25, 2010.

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